

# Senate File 2230 - Introduced

SENATE FILE 2230

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## A BILL FOR

1 An Act relating to economic development by providing tax  
2 credits for new job creation and eliminating the grow Iowa  
3 values fund and financial assistance program and including  
4 retroactive and other applicability provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

NEW JOBS TAX CREDIT

Section 1. NEW SECTION. 422.11Y New jobs tax credit.

1. The taxes imposed under this division, less the credits allowed under section 422.12, shall be reduced by a new jobs tax credit in an amount equal to fifty percent of the amount of wages paid in a tax year for each new job created.

2. A job must meet the following conditions to qualify for the new jobs tax credit:

a. The job is a permanent full-time equivalent position that did not exist in the business in the state within the previous six months.

b. The job is filled by a new employee for at least twelve months.

c. The job shall be filled by a resident of the state.

d. The job was not created as a result of a change in ownership or as a result of a consolidation, merger, or restructuring of a business entity if the job does not represent a new job in the state.

e. The job shall not have been previously filled by the same employee in the state.

f. The job was not relocated from another location in the state.

g. The job pays at least one hundred percent of the lower of the average county or average regional wage, excluding the value of nonwage benefits, as calculated by the department of revenue.

(1) The average county wage and the average regional wage shall be the average hourly compensation rates, excluding the value of nonwage benefits for comparable jobs, from the most recent four quarters of wage and employment information from the quarterly covered wage and employment data report issued by the department of workforce development.

(2) The department of revenue may adopt by rule a method for calculating average county and average regional wage rates.

1     3. *a.* A new jobs tax credit may only be claimed once for  
2 each qualifying new job.

3     *b.* A taxpayer is entitled to claim the tax credit upon  
4 the end of the twelfth month of the job having been filled.  
5 However, if the job is eliminated within twelve months from  
6 the date the taxpayer is entitled to claim the tax credit,  
7 the taxpayer is subject to repayment of the amount of the tax  
8 credit received.

9     4. An individual may claim a tax credit under this section  
10 of a partnership, limited liability company, S corporation,  
11 estate, or trust electing to have income taxed directly to  
12 the individual. The amount claimed by the individual shall  
13 be based upon the pro rata share of the individual's earnings  
14 from the partnership, limited liability company, S corporation,  
15 estate, or trust.

16     5. *a.* Any tax credit in excess of the taxpayer's liability  
17 for the tax year is not refundable, but the taxpayer may elect  
18 to have the excess credited to the tax liability for the  
19 following five years or until depleted, whichever is earlier.

20     *b.* A tax credit shall not be carried back to a tax year  
21 prior to the tax year in which the taxpayer first receives the  
22 tax credit.

23     6. A taxpayer eligible for the tax credit shall include  
24 with the taxpayer's return information relating to each new  
25 job created during the tax year and shall include information  
26 establishing the total amount of wages paid for those jobs  
27 during the tax year pursuant to rules of the department.

28     7. The tax credit authorized in this section is in lieu of  
29 the new jobs tax credits authorized in sections 422.11A and  
30 422.33, subsection 6.

31     Sec. 2. Section 422.33, Code Supplement 2009, is amended by  
32 adding the following new subsection:

33     NEW SUBSECTION. 29. The taxes imposed under this division  
34 shall be reduced by a new jobs tax credit in the same manner,  
35 for the same amount, and under the same conditions as provided

1 in section 422.11Y.

2 Sec. 3. Section 422.60, Code Supplement 2009, is amended by  
3 adding the following new subsection:

4 NEW SUBSECTION. 15. The taxes imposed under this division  
5 shall be reduced by a new jobs tax credit in the same manner,  
6 for the same amount, and under the same conditions as provided  
7 in section 422.11Y.

8 Sec. 4. NEW SECTION. **432.12M New jobs tax credit.**

9 The taxes imposed under this chapter shall be reduced by a  
10 new jobs tax credit in the same manner, for the same amount,  
11 and under the same conditions as provided in section 422.11Y.

12 Sec. 5. Section 533.329, subsection 2, Code Supplement  
13 2009, is amended by adding the following new paragraph:

14 NEW PARAGRAPH. *n.* The moneys and credits tax imposed under  
15 this section shall be reduced by a new jobs tax credit in the  
16 same manner, for the same amount, and under the same conditions  
17 as provided in section 422.11Y.

18 Sec. 6. **RETROACTIVE APPLICABILITY.** This division of this  
19 Act applies retroactively to January 1, 2010, for new jobs  
20 created on or after that date.

21 **DIVISION II**

22 **GROW IOWA VALUES FUND AND FINANCIAL ASSISTANCE PROGRAM**  
23 **ELIMINATION**

24 Sec. 7. Section 15.103, subsection 6, Code Supplement 2009,  
25 is amended to read as follows:

26 6. As part of the organizational structure of the  
27 department, the board shall establish a due diligence  
28 committee and a loan and credit guarantee committee composed  
29 of members of the board. The committees shall serve in an  
30 advisory capacity to the board and shall carry out any duties  
31 assigned by the board in relation to programs administered  
32 by the department. The loan and credit guarantee committee  
33 shall advise the board on the winding up of loan guarantees  
34 made under the loan and credit guarantee program established  
35 pursuant to section 15E.224, Code 2009, ~~and on the proper~~

1 ~~amount of the allocation described in section 15G.111,~~  
2 ~~subsection 4, paragraph "g".~~

3 Sec. 8. Section 15.104, subsection 1, Code Supplement 2009,  
4 is amended by striking the subsection.

5 Sec. 9. Section 15.104, subsection 8, paragraphs b and i,  
6 Code Supplement 2009, are amended by striking the paragraphs.

7 Sec. 10. Section 15.104, subsection 8, paragraph j, Code  
8 Supplement 2009, is amended to read as follows:

9 *j. Renewable fuel programs.* A detailed accounting of  
10 expenditures in support of renewable fuel infrastructure  
11 programs, as provided in sections 15G.203 and 15G.204. ~~The~~  
12 ~~renewable fuel infrastructure board established in section~~  
13 ~~15G.202 shall approve that portion of the department's annual~~  
14 ~~report regarding projects supported from the grow Iowa values~~  
15 ~~fund created in section 15G.111.~~ This paragraph is repealed on  
16 July 1, 2012.

17 Sec. 11. Section 15.203, subsection 5, Code Supplement  
18 2009, is amended by striking the subsection.

19 Sec. 12. Section 15.327, Code Supplement 2009, is amended by  
20 adding the following new subsections:

21 NEW SUBSECTION. 01. "*Base employment level*" means the  
22 number of full-time equivalent positions at a business,  
23 as established by the department and a business using the  
24 business's payroll records, as of the date a business applies  
25 for financial assistance under the program.

26 NEW SUBSECTION. 3A. "*County wage*" means the county wage  
27 calculation performed by the department of revenue pursuant to  
28 section 422.11Y, subsection 2, paragraph "g".

29 NEW SUBSECTION. 7A. "*Full-time equivalent position*" means  
30 a non-part-time position for the number of hours or days per  
31 week considered to be full-time work for the kind of service  
32 or work performed for an employer. Typically, a full-time  
33 equivalent position requires two thousand eighty hours of work  
34 in a calendar year, including all paid holidays, vacations,  
35 sick time, and other paid leave.

1     NEW SUBSECTION. 7B. "*Maintenance period*" means the period  
2 of time between the project completion date and maintenance  
3 period completion date.

4     NEW SUBSECTION. 12A. "*Regional wage*" means the regional  
5 wage calculation performed by the department of revenue  
6 pursuant to section 422.11Y, subsection 2, paragraph "g".

7     Sec. 13. Section 15.327, subsections 1, 4, 7, 8, 10, 12,  
8 and 13, Code Supplement 2009, are amended by striking the  
9 subsections and inserting in lieu thereof the following:

10     1. "*Benefit*" means nonwage compensation provided to an  
11 employee. Benefits typically include medical and dental  
12 insurance plans, pension, retirement, and profit-sharing plans,  
13 child care services, life insurance coverage, vision insurance  
14 coverage, disability insurance coverage, and any other nonwage  
15 compensation as determined by the board.

16     4. "*Created job*" means a new, permanent, full-time  
17 equivalent position added to a business's payroll in excess of  
18 the business's base employment level.

19     7. "*Fiscal impact ratio*" means a ratio calculated by  
20 estimating the amount of taxes to be received from a business  
21 by the state and dividing the estimate by the estimated cost  
22 to the state of providing certain financial incentives to  
23 the business, reflecting a ten-year period of taxation and  
24 incentives and expressed in terms of current dollars. For  
25 purposes of the program, "*fiscal impact ratio*" does not include  
26 taxes received by political subdivisions.

27     8. "*Maintenance period completion date*" means the date on  
28 which the maintenance period ends.

29     10. "*Project completion date*" means the date by which  
30 a recipient of financial assistance has agreed to meet all  
31 the terms and obligations contained in an agreement with the  
32 department as described in section 15.330.

33     12. "*Qualifying wage threshold*" means the county wage or  
34 the regional wage, as calculated by the department of revenue  
35 pursuant to section 422.11Y, subsection 2, paragraph "g",

1 whichever is lower.

2 13. "*Retained job*" means a full-time equivalent position,  
3 in existence at the time an employer applies for financial  
4 assistance which remains continuously filled or authorized  
5 to be filled as soon as possible and which is at risk of  
6 elimination if the project for which the employer is seeking  
7 assistance does not proceed.

8 Sec. 14. Section 15.329, subsection 2, Code Supplement  
9 2009, is amended to read as follows:

10 2. A business providing a sufficient package of benefits to  
11 each employee holding a created or retained job shall qualify  
12 for a credit against the qualifying wage threshold requirements  
13 described in subsection 1, paragraph "c". The credit shall be  
14 calculated and applied in the following manner: ~~described in~~  
15 ~~section 15G.112, subsection 4, paragraph "b".~~

16 a. By multiplying the qualifying wage threshold of  
17 the county in which the business is located by one and  
18 three-tenths.

19 b. By multiplying the result of paragraph "a" by one-tenth.

20 c. The amount of the result of paragraph "b" shall be  
21 credited against the amount of the one hundred thirty percent  
22 qualifying wage threshold requirement that the business is  
23 required to meet under subsection 1, paragraph "c".

24 d. The credit shall not be applied against the one hundred  
25 percent of qualifying wage threshold requirement described in  
26 subsection 1, paragraph "c".

27 Sec. 15. Section 15.330, subsection 4, Code Supplement  
28 2009, is amended to read as follows:

29 4. A project completion date, a maintenance period  
30 completion date, the number of jobs to be created or retained,  
31 or certain other terms and obligations described in ~~section~~  
32 ~~15G.112, subsection 1, paragraph "d"~~ an agreement, as the  
33 department deems necessary in order to make the requirements in  
34 project agreements uniform. The department, with the approval  
35 of the board, may adopt rules as necessary for making such

1 requirements uniform. Such rules shall be in compliance with  
2 the provisions of this part ~~and with the provisions of chapter~~  
3 ~~15G.~~

4 Sec. 16. Section 15.335A, subsection 1, unnumbered  
5 paragraph 1, Code Supplement 2009, is amended to read as  
6 follows:

7 Tax incentives are available to eligible businesses as  
8 provided in this section. The incentives are based upon the  
9 number of jobs created or retained that pay at least one  
10 hundred thirty percent of the qualifying wage threshold as  
11 computed pursuant to section ~~15G.112~~ 15.329, subsection 4 1,  
12 and the amount of the qualifying investment made according to  
13 the following schedule:

14 Sec. 17. Section 15.335A, subsection 2, paragraphs b, c,  
15 f, and g, Code Supplement 2009, are amended by striking the  
16 paragraphs.

17 Sec. 18. Section 15.335A, subsection 5, Code Supplement  
18 2009, is amended to read as follows:

19 5. The department shall negotiate the amount of tax  
20 incentives provided to an applicant under the program  
21 in accordance with this section ~~and section 15G.112, as~~  
22 ~~applicable.~~

23 Sec. 19. Section 15A.7, subsection 3, Code Supplement 2009,  
24 is amended to read as follows:

25 3. That the employer shall agree to pay wages for the  
26 jobs for which the credit is taken of at least the county  
27 wage or the regional wage, as calculated by the department of  
28 revenue pursuant to section ~~15G.112, subsection 3~~ 422.11Y,  
29 subsection 2, paragraph "g", whichever is lower. Eligibility  
30 for the supplemental credit shall be based on a one-time  
31 determination of starting wages by the community college.

32 Sec. 20. Section 15E.193, subsection 1, paragraphs b, c, and  
33 d, Code Supplement 2009, are amended to read as follows:

34 b. (1) The business shall provide a sufficient package of  
35 benefits to each employee holding a created or retained job.



1 For purposes of this paragraph, "*created job*" and "*retained job*"  
2 have the same meaning as defined in section ~~15G.101~~ 15.327.

3 (2) The board, upon the recommendation of the department,  
4 shall adopt rules determining what constitutes a sufficient  
5 package of benefits.

6 c. The business shall pay a wage that is at least ninety  
7 percent of the qualifying wage threshold. For purposes of this  
8 paragraph, "*qualifying wage threshold*" has the same meaning as  
9 defined in section ~~15G.101~~ 15.327.

10 d. Creates or retains at least ten full-time equivalent  
11 positions and maintains them until the maintenance period  
12 completion date. For purposes of this paragraph, "*maintenance*  
13 *period completion date*" and "*full-time equivalent position*" have  
14 the same meanings as defined in section ~~15G.101~~ 15.327.

15 Sec. 21. Section 15E.231, subsection 1, unnumbered  
16 paragraph 1, Code Supplement 2009, is amended to read as  
17 follows:

18 ~~In order for an~~ An economic development region ~~to receive~~  
19 ~~moneys under the grow Iowa values financial assistance program~~  
20 ~~established in section 15G.112, an~~ may establish a regional  
21 development plan. An economic development region's regional  
22 development plan must be approved by the department. An  
23 economic development region shall consist of not less than  
24 three counties, unless two contiguous counties have a combined  
25 population of at least three hundred thousand based on the  
26 most recent federal decennial census. An economic development  
27 region shall establish a focused economic development effort  
28 that shall include a regional development plan relating to one  
29 or more of the following areas:

30 Sec. 22. Section 15E.232, subsections 3, 5, 6, 7, 8, and 9,  
31 Code 2009, are amended by striking the subsections.

32 Sec. 23. Section 15E.351, subsection 1, Code Supplement  
33 2009, is amended to read as follows:

34 1. The department shall establish and administer a business  
35 accelerator program to provide financial assistance for

1 the establishment and operation of a business accelerator  
 2 for technology-based, value-added agricultural, information  
 3 solutions, alternative and renewable energy including the  
 4 alternative and renewable energy sectors listed in section  
 5 476.42, subsection 1, paragraph "a", or advanced manufacturing  
 6 start-up businesses or for a satellite of an existing business  
 7 accelerator. The program shall be designed to foster the  
 8 accelerated growth of new and existing businesses through the  
 9 provision of technical assistance. ~~The department, subject to~~  
 10 ~~the approval of the economic development board, may provide~~  
 11 ~~financial assistance under this section from moneys allocated~~  
 12 ~~for regional financial assistance pursuant to section 15G.111,~~  
 13 ~~subsection 9.~~

14 Sec. 24. Section 159A.6B, subsection 2, Code Supplement  
 15 2009, is amended to read as follows:

16 2. The office may execute contracts in order to provide  
 17 technical support and outreach services for purposes of  
 18 assisting and educating interested persons as provided in this  
 19 section. The office may also contract with a consultant to  
 20 provide part or all of these services. The office may require  
 21 that a person receiving assistance pursuant to this section  
 22 contribute up to fifty percent of the amount required to  
 23 support the costs of contracting with the consultant to provide  
 24 assistance to the person. ~~The office shall assist the person~~  
 25 ~~in completing any technical information required in order to~~  
 26 ~~receive assistance by the department of economic development~~  
 27 ~~pursuant to the value-added agriculture component of the grow~~  
 28 ~~Iowa values financial assistance program established pursuant~~  
 29 ~~to section 15G.112.~~

30 Sec. 25. Section 455B.104, subsection 2, Code Supplement  
 31 2009, is amended by striking the subsection.

32 Sec. 26. REPEAL. Sections 15E.233 and 15G.109, Code 2009,  
 33 are repealed.

34 Sec. 27. REPEAL. Sections 15G.101, 15G.110, 15G.111,  
 35 15G.112, 15G.113, 15G.114, 15G.115, 266.19, 455B.433, Code

1 Supplement 2009, are repealed.

2 Sec. 28. APPLICABILITY. This division of this Act applies  
3 to awards of financial assistance made on or after July 1,  
4 2010.

5 EXPLANATION

6 This bill provides tax credits for new job creation and  
7 eliminates the grow Iowa values fund.

8 Division I of the bill provides a tax credit to employers  
9 in an amount equal to 50 percent of the wages paid for certain  
10 qualifying new jobs created after January 1, 2010.

11 A qualifying new job:

12 1. Must be a full-time equivalent position that did not  
13 exist in the business within the previous six months in the  
14 state.

15 2. Must be filled by a new employee for at least 12 months  
16 before the credit can be claimed.

17 3. Must be filled by a resident of the state.

18 4. Must not be created as a result of a change in ownership  
19 or as a result of a consolidation, merger, or restructuring of  
20 a business entity if the job does not represent a new job in the  
21 state.

22 5. Must not have been previously filled by the same employee  
23 in the state.

24 6. Must not have been relocated from another location in the  
25 state.

26 7. Must pay at least 100 percent of the lower of the average  
27 county or average regional wage, excluding benefits.

28 The tax credit is available against the individual and  
29 corporate income taxes, the franchise tax, the insurance  
30 premiums tax, and the moneys and credits tax.

31 A tax credit may only be claimed once for each qualifying new  
32 job. A taxpayer is entitled to claim the credit upon the end of  
33 the 12th month of the job having been filled. However, if the  
34 job is eliminated within 12 months from the date the taxpayer  
35 is entitled to claim the credit, the taxpayer is subject to

1 repayment of the amount of the tax credit received.

2 The tax credit is not refundable, but the taxpayer may elect  
3 to carry forward any excess tax liability for five years or  
4 until depleted, whichever is earlier.

5 The tax credit is in lieu of the existing new jobs tax credit  
6 allowed against the individual and corporate income taxes.

7 The division applies retroactively to January 1, 2010, to  
8 new jobs created on or after that date.

9 Division II of the bill eliminates the grow Iowa values fund  
10 and financial assistance program and makes conforming changes  
11 throughout the Code.

12 The division repeals Code sections 15E.233, 15G.101, 15G.109  
13 through 15G.115, 266.19, and 455B.433. The sections in chapter  
14 15G constitute the grow Iowa values fund and program. Code  
15 section 15E.233 allows economic development regions to apply  
16 to the department of economic development for approval to be  
17 designated as an enterprise area. Currently, enterprise areas  
18 may apply for financial assistance from the grow Iowa values  
19 fund. Eliminating the grow Iowa values fund eliminates the  
20 financial assistance for these areas as well. Code sections  
21 266.19 and 455B.433 required Iowa state university and the  
22 department of natural resources, respectively, to cooperate  
23 with the department of economic development on certain aspects  
24 of financial assistance under the grow Iowa values fund. With  
25 the elimination of the grow Iowa values fund, these sections  
26 are no longer operable.

27 In 2009, the general assembly amended the high quality jobs  
28 program to share administrative provisions with the grow Iowa  
29 values fund. Eliminating the grow Iowa values fund eliminates  
30 the ability to share such provisions, so the division makes  
31 corresponding amendments to the high quality jobs program to  
32 retain certain definitions necessary to allow it to function  
33 in substantially the same manner after the elimination of the  
34 grow values fund and program, with the following exception:  
35 the high quality jobs program requires certain average county

1 and regional wage calculations be made. Currently, such  
2 calculations are made by the department of economic development  
3 as part of the administration of the grow Iowa values fund.  
4 The division shifts responsibility for these calculations to  
5 the department of revenue as part of the administration of the  
6 tax credit created in division I.  
7 The division applies to awards of financial assistance made  
8 on or after July 1, 2010.